

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765

EXAMINATION REPORT
OF
INDIANA NATURAL RESOURCES FOUNDATION
July 1, 2001 to June 30, 2005



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Chairman	John Hillenbrand II Ian Rolland	07-01-99 to 06-30-02 07-01-02 to 06-30-06
Executive Director	Eric Myers Cassandra Sponsel	07-01-99 to 03-20-05 03-21-05 to 06-30-06



STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE INDIANA NATURAL RESOURCES FOUNDATION

We have examined the schedules of receipts, disbursements, and cash and investment balances of the Indiana Natural Resources Foundation, for the period of July 1, 2001, to June 30, 2005. The Foundation's management is responsible for the schedules. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the schedule of receipts, disbursements, and cash and investment balances and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the schedules referred to above present fairly, in all material respects, the cash transactions of the Foundation for the years ended June 30, 2002, 2003, 2004, and 2005, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

July 21, 2005

INDIANA NATURAL RESOURCES FOUNDATION
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
For The Year Ended June 30, 2002

	Special Revenue Funds		Nonexpendable Trust Fund	Totals
	Operating Fund Unrestricted	Operating Fund Restricted	Endowment Fund	(Memorandum Only)
Cash and investments, July 1 (restated)	\$ 292,058	\$ 189,277	\$ 100,000	\$ 581,335
Receipts:				
Private gifts, grants and bequests	35,839	-	-	35,839
Interest income	10,827	2,255	-	13,082
Total receipts	46,666	2,255	-	48,921
Disbursements:				
Promotions	53,991	-	-	53,991
Contractor fees	13,000	-	-	13,000
Miscellaneous	219	-	-	219
Total disbursements	67,210	-	-	67,210
Excess (deficiency) of total receipts over (under) total disbursements	(20,544)	2,255	-	(18,289)
Cash and investments, June 30	\$ 271,514	\$ 191,532	\$ 100,000	\$ 563,046

The accompanying notes are an integral part of the schedules.

INDIANA NATURAL RESOURCES FOUNDATION
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
For The Year Ended June 30, 2003

	Special Revenue Funds		Nonexpendable Trust Fund	Totals
	Operating Fund Unrestricted	Operating Fund Restricted	Endowment Fund	(Memorandum Only)
Cash and investments, July 1	\$ 271,514	\$ 191,532	\$ 100,000	\$ 563,046
Receipts:				
Private gifts, grants and bequests	43,550	-	-	43,550
Interest income	5,381	1,166	-	6,547
Miscellaneous	921	-	-	921
Total receipts	49,852	1,166	-	51,018
Disbursements:				
Promotions	11,387	-	-	11,387
Contractor fees	11,750	-	-	11,750
Total disbursements	23,137	-	-	23,137
Excess of total receipts over total disbursements	26,715	1,166	-	27,881
Cash and investments, June 30	\$ 298,229	\$ 192,698	\$ 100,000	\$ 590,927

The accompanying notes are an integral part of the schedules.

INDIANA NATURAL RESOURCES FOUNDATION
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
For The Year Ended June 30, 2004

	Special Revenue Funds		Nonexpendable Trust Fund	Totals
	Operating Fund Unrestricted	Operating Fund Restricted	Endowment Fund	(Memorandum Only)
Cash and investments, July 1	\$ 298,229	\$ 192,698	\$ 100,000	\$ 590,927
Receipts:				
Private gifts, grants and bequests	74,747	-	-	74,747
Interest income	2,894	559	-	3,453
Miscellaneous	624	-	-	624
Total receipts	78,265	559	-	78,824
Disbursements:				
Promotions	87,421	-	-	87,421
Contractor fees	12,000	-	-	12,000
Total disbursements	99,421	-	-	99,421
Excess (deficiency) of total receipts over (under) total disbursements	(21,156)	559	-	(20,597)
Cash and investments, June 30	\$ 277,073	\$ 193,257	\$ 100,000	\$ 570,330

The accompanying notes are an integral part of the schedules.

INDIANA NATURAL RESOURCES FOUNDATION
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
For The Year Ended June 30, 2005

	Special Revenue Funds		Nonexpendable Trust Fund	Totals
	Operating Fund Unrestricted	Operating Fund Restricted	Endowment Fund	(Memorandum Only)
Cash and investments, July 1	\$ 277,073	\$ 193,257	\$ 100,000	\$ 570,330
Receipts:				
Private gifts, grants and bequests	14,118	140,075	-	154,193
Interest income	5,433	1,002	-	6,435
Miscellaneous	3,200	-	-	3,200
Total receipts	22,751	141,077	-	163,828
Disbursements:				
Promotions	13,230	-	-	13,230
Grants	-	2,917	-	2,917
Contractor fees	16,320	-	-	16,320
Miscellaneous	-	1,403	-	1,403
Total disbursements	29,550	4,320	-	33,870
Excess (deficiency) of total receipts over (under) total disbursements	(6,799)	136,757	-	129,958
Cash and investments, June 30	\$ 270,274	\$ 330,014	\$ 100,000	\$ 700,288

The accompanying notes are an integral part of the schedules.

INDIANA NATURAL RESOURCES FOUNDATION
NOTES TO SCHEDULES
JUNE 30, 2005

Note 1. Summary of Significant Accounting Policies

A. Introduction

The Indiana Natural Resources Foundation is a governmental unit, separate in body, corporate and politic, of the State of Indiana. Its mission is to promote, support, assist, sustain and encourage charitable, educational and scientific programs, projects and policies of the Indiana Department of Natural Resources.

B. Reporting Entity

The financial statements presented in this report represent only the accounts and funds applicable to the Indiana Natural Resources Foundation and are not intended to present the financial position or results of operation of the State of Indiana.

C. Fund Accounting

The Foundation uses funds to report on its cash and investments and results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities. The Foundation has the following fund types:

Special Revenue Funds

Operating Fund, Unrestricted – This fund is used to account for all donations which are not restricted as to their use.

Operating Fund, Restricted – This fund is used to account for all donations that are restricted in their use and account for the interest earned on the Endowment Fund.

Nonexpendable Trust Fund

Endowment Fund – This fund is used to account for funds held by the Foundation as trustee, the principal of which may not be expended. Interest on funds may be used for the purpose specified in the trust agreement.

INDIANA NATURAL RESOURCES FOUNDATION
NOTES TO SCHEDULES
JUNE 30, 2005
(Continued)

D. Operating Expenses

The financial statements do not reflect the total operating costs of the Indiana Natural Resources Foundation. The financial statements reflect disbursements for certain program and support services of the foundation.

The Executive Director of the Foundation is paid from the Department of Natural Resources' operating account. Certain staff members of the Department of Natural Resources are providing support services of the foundation.

Note 2. Deposits and Investments

Deposits, made in accordance with IC 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

All deposits are made in a business checking or business savings (market index) account. The Foundation received a donation of stock during the year ended June 30, 2001. The stock was placed into a brokerage account.

The Foundation's investments are categorized below to give an indication of the level of risk assumed by the Foundation at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the Foundation or its agent in the Foundation's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the Foundation's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the Foundation's name.

	Category			Reported	Fair
	1	2	3	Amount	Value
June 30, 2001:					
Stocks, Rights and Warrants	<u>\$ 1,046</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,046</u>	<u>\$ 1,009</u>

INDIANA NATURAL RESOURCES FOUNDATION
EXAMINATION RESULT AND COMMENT
JUNE 30, 2005

DAILY DEPOSITS

The Indiana Natural Resources Foundation did not consistently deposit donation receipts reviewed by the following business day. Of the deposits tested, 20% were found to be deposited late. This was a result of a lack of internal control over receipts and a violation of Indiana Code.

When receipts are not deposited timely, the possibility that funds may be misplaced or stolen is greater.

The Executive Director of the Indiana Natural Resources Foundation should deposit its receipts by the following business day.

IC 5-13-6-1(b) states in part: ". . . all public funds . . . shall be deposited with the treasurer of state, or an approved depository selected by the treasurer of state not later than the business day following the receipt of the funds."

INDIANA NATURAL RESOURCES FOUNDATION
EXIT CONFERENCE

The contents of this report were discussed on September 20, 2005, with Todd Tande, Deputy Director of Department of Natural Resources; Cassandra Sponsel, Executive Director of Indiana Natural Resources Foundation; and John Ryan Jr., Director of Accounting. The official response has been made a part of this report and may be found on page 12.



*Indiana Natural Resources Foundation
402 West Washington Street
IGC South, Room W256
Indianapolis, Indiana 46204*

September 30, 2005

Mr. Bruce Hartman
State Examiner
State Board of Accounts
302 W. Washington St., Rm E418
Indianapolis, IN 46204

Dear Mr. Hartman:

Staff from your agency recently completed their work on the Indiana Natural Resources Foundation. They have issued their Examination Report for the period July 1, 2001 through June 30, 2005.

Their examination was thorough and their comments and suggestions are appreciated. The comment about depositing the following business day has been corrected.

Sincerely,

A handwritten signature in black ink, appearing to read "C. Sponsel".

Cassandra Sponsel
Executive Director